

**Onion River Cooperative - Board of Directors Meeting**  
**City Market Downtown Store, Community Room, Burlington VT**  
**Monday, March 26<sup>th</sup>, 2018**

<b>Time</b>	<b>Topic</b>	<b>Action/Result</b>	<b>Presenter</b>
5:30-6:00	Gather: eat and chat	Eat, connect, enjoy	All
6:00-6:10	<b>Preliminaries:</b> Review agenda Review minutes (1) Review action items	Decide (a)	Faye
6:10-6:15	Open Member time	Members bring topics to the board's attention	Members
6:15-6:20	Open Board time	Board members bring topics to the board's attention	All
6:15-6:20	NFCA Annual Meeting Report Back	Learn	John, Faye & Jim
6:20-6:25	Recognition of outgoing Board officers	Thank & Celebrate	Faye
6:25-6:35	Check in on community feedback about ONE lease decision	Discuss	All
6:35-7:05	Customer survey results & discussion	Learn, Discuss	John & Allison H
7:05-7:15	Half-time stretch	Rejuvenate	All
7:15-7:40	<b>GM Reporting/Monitoring</b> Monthly GM update (2) Update on Member Loan Campaign and proposal to extend campaign deadline (3) Review auditor proposal (4)	Learn, Decide (b)	John
7:40-7:50	Review & adopt board perpetuation committee charter (5)	Decide (c)	Julia
7:50-8:10	Addressing by-laws and policies to clarify term limits (6,7,8)	Discuss, Decide (d)	Faye
8:10-8:20	<b>Board self-monitoring</b> D9: Board Terms of Office	Monitor, Decide (e)	Charles
8:20-8:25	<b>Future planning</b> Open member time follow-up, if any Decide who is attending CCMA Review calendar	Decide	Faye
8:25-8:30	<b>Wrap up</b> Action items, meeting evaluation	Assess	All
8:30	Adjourn		

**Attachments**

1. Draft of last month's minutes and action items
2. Monthly GM update

3. Member Loan Campaign update & extension proposal memo
4. Memo with recommendation for auditor for FY18 Audit
5. Proposed Board Perpetuation Committee charter
6. Memo from Faye, Eric, and Julia about addressing Board term limits
7. Memo from Michael Healy about addressing Board term limits
8. Timeline from Michael Healy of recent Board Members' lengths of service

**President's Note:**

Dear Board Members,

It is my honor to write my first President's Note to you all! This month we will be making a number of decisions to help John and his team move forward in operations work and about work we are interested in tackling as a Board. One decision we hope to make is in regards to the language about term limits in the by-laws and our D9 policy. There are quite a few memos to help inform our decision; please read them thoroughly and come ready to share your ideas and reflections on the topic.

We also have time set aside to learn about the customer service survey conducted in 2017, hear staff learnings from the survey, and discuss what we take away from the results as a Board. Our calendar says we should also be monitoring B7, but we moved that report to September last year to better reflect the data's time period and forgot to remove it from the calendar in March. We last monitored B7 in September 2017.

New this month, and based off feedback from many of you, we are trying out a new section called 'open board time'. The goal of this time is to create space for any topics, ideas, thoughts, things you've heard in the community, or anything else you'd like to voice as a Board Member that doesn't already have space for discussion on an agenda. This is an in-person opportunity in addition to emailing between meetings. Just as with anything we hear during 'open member time,' we won't have much time for conversation. It is an opportunity to bring something forward to the group and we will use this time to determine any next steps, including if the topic needs to go to the parking lot for a future agenda.

We do not have any topics for executive session this month, but should any topics arise, John will send us any confidential material by the Wednesday before the meeting.

Warmly,

Faye

**Meeting preparation**

- a) Read the minutes and note any questions/corrections.
- b) Read the GM's update and note any questions/comments; read the memos about extending the Member Loan Campaign and choosing our auditor for FY18's audit.
- c) Read the proposed committee charter and note any questions/comments.
- d) Read the attached documents in relation to the Board terms of service and note any questions/comments.
- e) Read the D9 policy and come ready to monitor.

## **Onion River Co-op/City Market**

Board of Directors Meeting

February 26, 2018

### **Board Attendance:**

Sarah Alexander, Board Member

Charles Baldrige, Board Member

Julia Curry, Board Member, President

Joanna Grossman, Board Member, via conference call

Jim Rudolph, Board Member

Allison Searson, Board Member, Treasurer

### **Absent:**

Eric Boehm, Board Member

Faye Conte, Board Member, Vice President

Ali Kenney, Board Member

### **Also in attendance:**

Michael Healy, Board Facilitator

John Tashiro, General Manager

Liz Jarvis, Membership Manager

Kim Nolan, Director of Human Resources

Kiersten Hallquist, Board Minutes-Taker

Tibor Bernath, Member

Serrill Flash, Member

Jennifer Kennelly, Member

Danny Weiss, Member

A quorum was established and the meeting started at 6:05 PM.

### **Preliminaries**

#### Review Agenda

The Agenda was accepted as written.

#### Review Minutes

The January 22, 2018 minutes were accepted as written.

#### Review Action Items

The Action Items list was reviewed and accepted with seven items removed.

### **Open Member Time**

Julia provided an overview of the Open Member Time process to all Members in attendance.

Introductions were made for all in attendance. Members were invited to comment.

Danny Weiss is currently establishing his own business making gourmet organic and vegan food. He struggles with the cost of the independent ingredients. He requested the cooperative offer Members who are food producers a cost-plus basis to be able to provide bulk product.

Tibor Bernath shared he's witnessed a lot of animals in the store, contrary to the posted rule against it. He wanted to know what the store is doing to adhere to laws regarding dogs in grocery stores. He has observed a misunderstanding between what qualifies as a service dog (permitted in the store) and non-service dogs. He asked this policy be clearly posted and to work toward a shared understanding of the rules.

Serrill Flash asked the Board for permission to share today's meeting packet with a Boston food cooperative.

#### Officer Elections

Julia presented on the officer election process. She provided an overview of indicated interest in the various positions thus far.

The following positions were confirmed: Faye Conte as President, Eric Boehm as Vice President, Charles Baldrige as Treasurer, and Sarah Alexander as Secretary.

#### CCMA Interest

Consumer Cooperative Management Association (CCMA) is the food cooperatives' national annual gathering, occurring May 31 – June 02, 2018, this year.

Julia presented the process for determining who on the Board can attend the conference. John presented an overview of the agenda and conference contents.

Joanna Grossman rescinded her interest in attending this year.

Sarah Alexander, Allison Searson, Charles Baldrige, and Faye Conte are interested in attending CCMA.

#### Current and Future Board Practices

Julia provided a brief overview on how the Board operates and functions to achieve its goals, in light of recent suggestions to form/charter standing subcommittees (i.e. Standing Finance Committee) and to try new formats in Executive Session.

#### *The Use of Board Subcommittees*

Thus far, the Board has not hosted standing subcommittees; however, the Board has used ad-hoc committees. Michael provided an overview of the policy-governance model approach to being a Board, focusing on the wholeness of the Board.

The Board asked clarifying questions and shared personal observations.

A more structured discussion regarding subcommittees will occur at a future meeting.

#### *Executive Session*

Julia presented on the purpose of the Executive Session to help inform a discussion on how the time is used. Executive Session is used for addressing confidential topics and open session is to allow Members to observe the work of the Board. Some Board Members shared a need to have

more space to interact with fellow Board Members and to have space for free-flowing discussion and sharing of ideas. The Board asked clarifying questions and shared personal observations.

The Board proposed incorporating some open Board-Member Time or share time on an occasional agenda.

A Board Member noted that Open Member Time is space for Board Members to also share any feedback they've received from their fellow Members, and that there is opportunity to add or modify the agenda at the beginning of a meeting.

#### *Electronic Packets Proposal*

Julia presented the proposal to receive packets electronically as a default and maintain the option for Board Members to receive paper packets. Board Members can opt-in for paper packets; the Board will revisit the opt-in option once per year, possibly in January.

#### Charter ad-hoc Board Perpetuation Committee

The Board discussed the following questions: Would the Board like to charter a committee to research best practices for recruiting and nominating new Board Members in light of the recent ad-hoc committee's expiration? Who would be on the committee (i.e. would it go beyond Board-only membership)?

The Board would aim to have a proposal together by May if the Board wishes to launch the process for the next election cycle.

Jim, Allison S., and Julia shared interest in serving on a Board Perpetuation Committee

#### Proposed revision of B6

The Board reviewed the change: "protecting the Board" to "protecting the Cooperative" in the case of emergency secession. The Board approved the update to the revision of B6.

### **GM Reporting**

#### Monthly GM Update

John presented his report to the Board. Highlights included but were not limited to staffing updates, sales doing well in the South End, updates on progress in the Old North End, and settling into being a two-store cooperative.

The Board asked clarifying questions and shared observations.

#### B6: Emergency GM Succession

John presented the B6 report to the Board. The Board asked clarifying questions, shared observations, and discussed specific metrics.

John highlighted the important changes: Kim Nolan and Eric Pierce as GM first and second successors.

The Board accepted the report as demonstrating compliance with the policy. The Board accepted the report with the following change: Allison Hope's name will be updated throughout the report.

## **Future Planning**

### Open Member Time Response

The Board reviewed Danny Weiss's request. The Board determined the request was operations-related. The Board asked John to follow-up with Danny regarding his request.

The Board reviewed Tibor Bernath's request. John confirmed that policies exist regarding animals in the store. The Board determined the issue was operations-related. The Board asked John to follow-up on the request.

The Board reviewed and discussed Serrill Flash's request. John and Liz Jarvis offered their support, and invited Serrill to connect his Boston cooperative with either of them as a resource. The Board approved Serrill to share the February 26, 2018 packet information with his contacts at the Boston cooperative.

### Review Board Calendar

The Board reviewed the calendar. Julia assigned upcoming policy reviews through June.

April Board Meeting is officially rescheduled for April 30<sup>th</sup>.

Open Board Member Time or share time to be added to occasional agendas, potentially quarterly.

### Retreat Planning

Julia provided an overview of Board retreats, including but not limited to reviewing updates from operations, reflecting, setting goals, and looking at local trends.

### Downtown (DT)/South-End (SE) Meeting Schedule

Julia presented a proposal to hold every third meeting in the SE store (quarterly). She reminded the Board the SE store closes at 9:00 p.m. John proposed starting with the April meeting, and occurring once per quarter.

## **Wrap Up**

The food was incredible, and Joanna is feeling much better.

## **Executive Session**

The Board moved into Executive Session at 8:05 PM to review the expansion scorecard and the FAQ about the decision on the ONE lease.

The Board came out of Executive Session at 8:50pm PM.

## **Adjourn**

The Board adjourned at 8:50pm PM.

## **Action Items**

**Faye** will research possible growth and improvements to the Board Perpetuation process.

**The Board** will submit their personal resumes to Alison Hope and Liz Jarvis as soon as possible.

**Julia** is working to finalize a GM contract, which the Board will review at a later date.

**John and Tim** will correct B4.2 to include the quarter one and quarter two numbers to align with the other sections of the report.

**John and Tim** will incorporate site data on Member Loans to B4.6 in future reports and will note the ongoing work with NCB in writing as part of B4.10 for the next version of the B4 policy.

**Julia** will follow-up with Eric and Ali to determine whether they are interested in attending CCMA this year.

**Julia** will add the following to the Board Calendar: the Board will revisit the opt-in option every January.

**The Board** will email Liz Jarvis if they want paper packets at board meetings, by Friday, March 02.

**Julia** will provide a drafted charter for the ad-hoc Board Perpetuation Subcommittee for the March meeting.

**Sarah** will coordinate the approved revision of B6.

**John** will follow-up with Danny and Tibor regarding their operational requests during Open Member Time.

**John** will provide the Board with the official policy regarding animals in the store.

## General Manager's Monthly Report (in Support of the B-5 Policy)

March 26<sup>th</sup>, 2018

In Policy B5.1, the Board asks that the GM "make the Board aware of relevant trends, public events of the organization, or internal and external changes which affect the assumptions upon which Board policy has previously been submitted."

### What's Happening:

*It has been four months since our South End expansion and things are continuing to settle. Our overall sales performance remains very positive, staffing levels have significantly improved and we have made good progress with various operational and general communication adjustments.*

- Our employee count is now at 332 compared to 235 this time last year. The time and investment to on-board, train and manage our many new employees, while continuing to develop the skills of newer management employees, remains challenging, but well worth the effort.
- We presented to Burlington's City Council on Monday, March 12<sup>th</sup> and offered information on our annual impact on the community. Councilors were appreciative of the Co-op's work and asked a variety of questions about ONE, the South End, pricing and other topics.
- Board Member(s), General Manager and Management are planning to attend the Neighboring Food Co-op Association (NFCA) annual meeting on March 17<sup>th</sup> in Greenfield (Mass)
- Our 4<sup>th</sup> Annual Patronage Seedling Grants Celebrations will take place on March 19<sup>th</sup> in the South End store's Community Room. With Mayor Weinberger and Secretary Tebbetts of Agriculture, Food and Markets confirmed to attend, we will be learning how our six grantees will plan to use their funding to benefit their stakeholders and strengthen the local food system. A great way to see all that is happening in our community!
- The Purchasing and Merchandising team is wrapping up a heavy schedule of annual buying shows, most recently at Expo West in CA, the largest natural foods/products show in the US. The Fancy Food Show in NYC is next in June.
- Staff training on Diversity & Inclusion are on-going as part of the larger year-long effort to change the conversation and maximize safety, support and general awareness in the workplace.
- We continue to investigate Burlington locations for the Fall Annual Member Meeting.
- Quarterly inventories are scheduled for Friday, March 30<sup>th</sup> in SE and Sunday, April 1<sup>st</sup> at in DT. Similar to last quarter, these will be conducted starting mid-afternoon and run into the evenings to reduce the disruption to our customers.
- We received the Burlington Business Association 2018 Best Architectural Award and will be accepting the award on April 5<sup>th</sup> at their annual dinner.
- We will be hosting Rising Stars in Burlington in mid-April; an intensive 3-day seminar for new and emerging managers in the natural food industry.
- Planning continues in partnership with Citizen Cider to host co-Grand Openings on Saturday, May 12<sup>th</sup> (time tbd).

### South End (SE)

- Remote and off-hours monitoring of our critical systems is continuing to be enhanced. Currently, New England Air, our HVAC/R contractor, is set up to be directly notified of critical system failures, including the refrigeration unit that went down on us in December 2017.
- Completed the second of two 'interim' inventories within our Fresh departments (Prep Foods, Meat & Seafood and Produce) as advised by NCG-DC to help identify potential operational/buying/inventory issues earlier than our quarterly inventory schedule. Data from second round inventory being compiled now for review.
- Installation of EV car charging station has been completed and is now available for customer use.
- Finalizing specifications for an additional set of Bulk fixtures to include a 48-unit (scoop bins) floor display and a set of free standing oat bins.
- Two additional cart corrals for the parking lot have arrived and will be installed, weather permitting, in early April for the convenience of our customers, particularly those using the handicap spaces.

### Downtown (DT)

- In conjunction with Vermont Federal Credit Union, we have completed fit up and installation of a new ATM machine.
- Continuing progress with capital improvement plans including the completion with replacing all PVC ceiling tiles in Prepared Foods and Meat & Seafood areas, upgrading seals on receiving dock doors (like those used in the SE) to reduce heat loss, and exploring installation of a new and automated, high temp dishwasher in the kitchen.



### Finance:

- Monthly sales for February were \$3,894,379, an increase of 20.6% over 2017 and 2.5% above budget
  - Downtown at \$2,676,379, a decrease of 17.1% over 2017 and 0.04% under budget
    - Average daily sale was \$95,585, compared to \$115,337 in 2017
    - Average Member basket size was \$27.15, non-Member basket size was \$19.88
    - Average daily register transactions were 3,947, a decrease of 9.5% over 2017
  - South End at \$1,218,000 and 8.6% above budget
    - Average daily sale was \$43,500
    - Average Member basket size was \$37.39, non-Member basket size was \$24.16
    - Average daily register transactions were 1,339

### Rally for Change:

- February results yielded total donations of \$22, 839
  - 10% Partner: Burlington Children's Space \$2,283
  - 40% Partner: NOFA Vermont \$9,136
  - 50% Partner (constant): Chittenden Emergency Food Shelf \$11,420

In addition CEFS received the following: \$224 in cash and \$5,775 in product donation. Total with Rally = \$17,419

### Local Food:

- Local Food sales for February were \$1,478,560, an increase of 22.6% over 2017
  - Downtown at \$1,018,981, a decrease of 15.5% over 2017
  - South End at \$459,579
- Percentage of local sales compared to store sales at 37.9% vs 37.3% in 2017
  - Downtown was 38% vs. 37.3% in 2017
  - South End was 37.7%

### Organic and Fairly Traded Products

- Organic produce sales for February were \$420,387, an increase of 17.9% over 2017
  - Downtown at \$277,040, a decrease of 22.3% over 2017
  - South End at \$143,347
- Organic produce represents 71.5% of total produce sales
  - Downtown at 71.5%
  - South End at 71.5%
- 348 fairly traded products sold, an increase of 10.8% over 2017
  - Downtown at 326
  - South End at 296

### Co-op Membership:

- Member sales in February were at 68.6% (\$2,671,481) of store sales
  - Downtown at 66.9% compared to 70.1% in 2017
  - South End at 72.4%
- Membership grew to 13,449 up from 12,019 in 2017, an increase of 11.9%
  - New members originating in the Downtown at 72 and South End at 104
    - Partially Capitalized Membership reached 10,427 compared to 9,192 in 2017
    - Fully Capitalized Membership reached 2,184 compared to 2,059 in 2017
    - Non-shareholding Membership totaled 838 compared to 768 in 2017
    - Employee Membership for February was 60% compared to 80% in 2017. \*This continues to be due to the high number of new staff hires at 332 at month's end compared to approximately 235 in PY.
- Member Worker hours totaled 1,217 in February compared to 1,243 in 2017
- Of all Member Worker hours, 92.3% were performed in the community compared to 92% in 2017

### Food for All

- FFA sales were \$157,620 in February, compared to \$152,602 in 2017, an increase of 3.3%
- Membership in FFA was 1,129 in February compared to 1,054 in 2017, a 7.1% increase

### 3Squares/WIC

- 3SquaresVT/WIC sales were \$68,900 in February compared to \$68,437 in 2017, a slight increase of 0.7%

### Member Loan Campaign

- Current loans raised is close to \$600,000 with approximately 80 lenders with more expected due to the on-going Member and community outreach efforts from our Board, staff and Members.

- We have also confirmed a partnership with Milk Money, a local business that pairs Vermont investors with Vermont businesses, to help enhance and extend the reach and awareness of the Campaign. .
- Due to the continued momentum and loan prospects, we are seeking the Board's authorization to extend the Campaign into the summer aiming to get as close as possible to our \$1.5 million goal.

#### *75 Briggs Street Parcel*

- Working in partnership with Petra Cliffs as they make good progress with the due diligence as part of the P&S agreement. Aiming to complete sale in summer 2018.

#### *Old North End*

- Reached conclusion and publicly shared decision to activate the early exit clause within the lease agreement for the 242-244 North Winooski Ave site.
- Approximately seven months/end Sept 2018 left on lease, but will vacate sooner to recoup any rental fees if possible.
- Our facilities team is moving items stored to one of three self-storage units and expects to have all of our inventory transitioned by the second week in April.

#### *E-Commerce*

- Our contract with partner is on hold until spring 2018 and continuing to monitor movement within the overall on-line grocery space.

## **Board of Directors – Main Session**

**Date: March 26, 2018**

**Topic: Board authorization to further extend City Market Member Loan Campaign**

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### **Purpose**

To seek the Board's authorization to further extend the term of the Member Loan Campaign from the current March 31<sup>st</sup> 2018 to August 28<sup>th</sup> 2018.

### **Background**

To help pay for the cost of the South End expansion, the Co-op launched a Member Loan Campaign approximately six (6) months ago with the aim to raise \$1.5 million from our Members.

On November 7<sup>th</sup> 2017, the GM sought and received Board authorization to extend the initial deadline of the Campaign from November 12<sup>th</sup> 2017 to March 31<sup>st</sup> 2018. A key achievement was to at least exceed the minimum \$500,000 threshold required to keep the loans outlined by the Department of Financial Regulations (DFR) with our Confidential Offering Memorandum.

Currently, we have raised approximately \$600,000 from about 80 lenders, but are continuing to receive loans from Members due to on-going efforts by staff and the Board to engage and promote the Campaign. We further recognize that the amount of loans raised from the Campaign would reduce the current Certified Deposit (CD) of \$1 million that our lender is holding as part of our overall bank loan agreement for the South End expansion.

At the same time, we have recently secured a partnership with Milk Money, a local business that pairs Vermont investors with Vermont businesses, to help enhance and extend the reach and awareness of the Campaign and the existing loan structure beyond our Member audience. Please note that while we explored the opportunity for Milk Money to potentially aggregate loan amounts from multiple Members to reach our minimum \$2,500 amount, the legalities around the Confidential Offering Memorandum were so highly complex as to prevent us from pursuing this approach.

Lastly, based on counsel, the Co-op is technically able to extend the Campaign with Board authorization for up to one (1) year from the approved date of our Confidential Offering Memorandum by the DFR. The DFR approved our Memorandum on August 28<sup>th</sup> 2017.

### **Conclusion & Next steps**

The GM seeks Board authorization to extend the Campaign until August 28<sup>th</sup> 2018. Should the Board agree, the GM seeks and requires signatures and dates from a majority of the Board Members, as outlined in the Co-op's by-laws, to move forward on this action.

By signing below, Board Members agree to the following:

- The extension of the term expiring in the document known as Confidential Offering Memorandum - Member Loan Program, Information for Prospective Lenders that was submitted and approved by the Department of Financial Regulations on August 28th 2017.
- The existing expiry date to be revised from March 31<sup>st</sup> 2018 to August 28<sup>th</sup> 2018.

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Faye Conte Date

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Julia Curry Date

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Charles Baldrige Date

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Jim Rudolph Date

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Eric Boehm Date

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Allison Searson Date

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Joanna Grossman Date

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Ali Kenney Date

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Sarah Alexander Date

## **Board of Directors – Main Session**

**Date: March 26, 2018**

**Subject: Renewal of Gallagher Flynn for 6/30/18 financial audit and 12/31/18 401(k) audit**

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### **Purpose**

To seek the Board's approval for engaging Gallagher Flynn & Company (GFC) to conduct the 6/30/18 financial audit and 12/30/18 401(k) audit for the Co-op.

### **Background**

Each year, the Co-op engages in two audits.

- The first is a financial audit, which is designed to provide an independent examination of the Co-op's financial statements, provide reliability to the results, and offers Board members the opportunity to engage in dialogue regarding the financial year just concluded. In addition to being a best practice, a financial audit is a requirement of our bank lenders.
- The second is a 401(k) audit, which is the result of a requirement contained in the Employee Retirement Income Security Act of 1974 (ERISA) for all plans with 100 or more eligible participants. An audit provides insight into the activities of the plan, and also fulfills the fiduciary responsibility of monitoring compliance.

### **Key Points**

- The financial audit has been conducted by GFC since Fiscal Year 2009, when annual revenue was \$26.8 million. During that time, they have seen the Co-op grow, not only in size, but also in complexity with the opening of a second store. They are very familiar with the financial intricacies of the Co-op. Further, GFC has historically discounted their regular annual audit fee for the Co-op, meaning tangible cost savings for the Co-op. Although GFC has hinted that that they will seek to lessen this discount in the longer term, they have agreed to a cost increase of no more than 5% for their FY18 work. (Note that we do not have a formal proposal in hand as of the date of drafting this document.)
- The 401(k) audit has been conducted by GFC since 2011. This continuity has allowed them to greatly understand the processes by which employees become eligible, join, participate, and exit the 401(k) plan. As is the case with the financial audit, a switch to another auditor requires significant effort on behalf of staff at the Co-op to familiarize a new auditor with the various processes, procedures, and 401(k) plan documents.

### **Conclusion & Next steps**

For the reasons noted above, the GM and Director of Finance recommend and seek the Board's authorization with the engagement of Gallagher Flynn of conducting the 6/30/18 financial audit and 12/31/18 401(k) audit for the Co-op.

Policy Type: Committee Charter

Policy Title: Board Perpetuation Committee Charter

Start Date: 03/27/2018

Adopted: 03/26/2018

End Date: 11/26/2018

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Purpose: To bring to the Board a range of options to improve the Board candidate recruitment and nominations processes.

1. Research and speak with the boards of other co-ops and similar organizations;
2. Hold strategic conversations with the General Manger (GM) and other staff;
3. Gather insight from City Market's CBLD Consultant;
4. Use the gathered information to develop a range of options for the Co-op to consider adopting for future Board elections.

Board of Directors – March 2018 Board Meeting

**Date:** March 16, 2018

**Topic:** Addressing Board term limits in ORC's by-laws and D9 Policy

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**Purpose of this memo:** To provide background and a proposal in addressing Board term limits through our by-laws and policies. This memo accompanies a memo and documents from Michael Healy, our CDS consultant.

**Background:** Over the past year, the Board has explored the language specifying Board term limits in our by-laws and our D9 policy (Board Terms of Office). The Board discussed the current language and options for addressing the language in July and September of 2017. The Board asked Julia, Faye, John, and Michael Healy to do some more thinking on this topic and bring back a proposal to the Board for consideration. We have done so, and have also included Eric in the most recent discussion.

Section 4.4 of our by-laws and #3 in our D9 policy both dictate that a Board member may serve no more than nine consecutive years. A full term is three years, and therefore Board members are eligible to be elected for a maximum of three full consecutive terms. However, some Board members first join the Board for a partial term, either by appointment or election. Their length of service does not neatly fit into the three-term pattern. The Board has been exploring this issue recently because two current Board members – Faye and Charles – were appointed to fill partial terms and are up for election this year for their third terms. This is the first time the Board has encountered this challenge in recent history (see attached timeline for more detail).

Julia, Faye, and John asked Michael, as our consultant, to share the options he sees for addressing this. He has done so in the attached memo. All of the options he lists are possibilities for us to consider.

**Proposal:** After discussing this in length, we have determined that the by-laws and policy as written do not prevent a Board member from running for a term that they are only eligible to partially fill. Should a Board member know they would hit their 9-year limit before completing their term, they are still eligible to run for that term. As the timeline shows, in recent history most Board members do not serve three terms, and Board members often do not complete a full three-year term. We also do not know if Faye and Charles will still be serving when they hit their 9-year mark. As the by-laws and policies are written, if they do hit their limit, they will simply need to resign before completing the full term. The Board would then have the option to leave that seat vacant until elections or appoint a new Board member to fill it. In these particular instances, Faye would need to resign one month early and Charles would need to resign 5 ½ months early.

Given this, we propose that the Board does not make a change to our by-laws or policies at this time.

Our discussions on this by-law have also brought up another related question for the Board: is it time to refresh all of our by-laws, as we did in 2011? CDS has developed a new by-law template, modeled off of work done with City Market in 2011 and other co-ops since then. John and Michael have identified some areas of our by-laws that may benefit from a refresh in the coming years. Therefore, if the Board wishes to change the by-laws, and then the D9 policy before Faye and Charles hit their 9-year limit, the Board has a couple of years to do so, and could do so as part of a larger by-law refresh.





To: Onion River Coop board  
From: Michael Healy  
Subject: Analysis of bylaws related to board term limits  
Date: March 8, 2018

## Current dilemma

1. Directors who begin serving on the board by being appointed to fill a vacancy bump up against the term limit before serving 9 years. For example:
  - a. Faye was appointed in November, 2012. This means that by the end of 2018, she will have served 6 years plus one month. If Faye is not eligible to run for election this year because of the extra month, her term limit will be about 6 years. (See side note below.)
  - b. Charles was appointed in June, 2012. If Charles is not eligible to run again, his term limit will be about 6 ½ years.
  - c. Theoretically, there could be a vacancy on the board immediately after an election. (This happened in 2008 and 2009.) If the board appointed someone to begin serving in November, that appointment would be for 14 months. If that director then gets re-elected twice, their term limit would be a bit more than 7 years.
2. The bylaws and board policy are silent about whether a director who has served more than 2 full terms (6 years) but less than 3 full terms (9 years) is eligible to run for re-election. If they run, and get elected, they have to resign before the end of the term. The cycle potentially continues.

## History

1. The August 2000 version of bylaws stated “No board member shall serve more than two consecutive terms.”
2. The Board Terms of Office policy dated October 20, 2003, specified that “To clarify and to be consistent with the Bylaws ... each seat shall be designated for a three-year term.”
3. As part of the 2011 bylaw revision process, members were invited to a focus group. Issues noted in that session include: “‘three consecutive terms’ may still lead to confusion.” The board considered at least three options to address this question:
  - a. work out the details in board policy
  - b. say “nine consecutive years”
  - c. define “term” to mean all or part of a 3-year term
4. The board chose option b, and members approved that change (among many other changes) in spring of 2011. The current bylaw states “No Board member may serve more than nine consecutive years.”

## Some possible answers and implications

1. No change in bylaw
  - a. This current dilemma is a pretty rare occurrence. Since 2007, Faye and Charles are the only 2 directors potentially affected. The board could decide that it's not worth addressing a rare issue.
  - b. Directors who were originally appointed just get to serve fewer years before needing to take a year off.
  - c. If the Board decides that it's critical to address the rare occurrence, the Board could write policy about whether or not those directors are eligible to run for election after their second full term. (It's not clear that the bylaws allow the Board to restrict eligibility beyond what's specified in the bylaws.)
2. Revise bylaw to state, "No Board member may serve more than three consecutive terms."
  - a. This mirrors the language that was in the earlier (2000) bylaws. Maybe it worked well enough for years, and maybe it will work again. This is also essentially what is suggested in the CBLD Fresh Start Bylaws template.
  - b. The questions raised in 2011 still exist. How do you deal with directors who serve some portion of a term because of appointment? The board could answer the question through policy by revising D9 – Board Terms of Office. (In 2011, the board decided not to go that route. See History notes above.)
3. Revise bylaw to state something like, "No Board member may serve more than three consecutive terms. For the sake of this limit, a Board member who has served more than 1 year [or some other length of time] of a three-year term will be considered to have served a full term."
  - a. If an appointed director serves for less than a year until the next election, they could still potentially serve 3 full terms. Their total length of service (or "term limit") would be no more than 10 years.
  - b. Though it doesn't seem necessary as part of fixing the current dilemma, the bylaws could specify a different length of time (like 1.5 or 2 years) that wouldn't count as a full term.
4. Revise bylaw to state, "No Board member may serve more than 10 consecutive years."
  - a. This language allows for someone to be appointed for a portion of a year without that time being counted toward the 3-term limit.
  - b. Because members know that a term is 3 years, this language may be confusing. It may require careful explanation to get member approval for this change, and/or may need ongoing, further explanation in elections materials.

## Side note

1. Faye was actually initially elected in a regular election. Because there was a vacancy, the board invited Faye to begin serving in December rather than January. The current board could reasonably decide that beginning 1 month early does not materially affect Faye's length of service. In that case, Faye could run for re-election in 2018 just as any other board member who has served two terms; if elected, she would be able to serve a 3<sup>rd</sup> full 3-year term.
2. Nathan was appointed in 2010 to fill a vacancy *after* completing a term. Though obviously this is rare, it might be good to make sure that any bylaw revision doesn't only address the current dilemma while inadvertently making it difficult for the board to make reasonable decisions in other circumstances.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Note that earlier information, especially before 2010, is uncertain															
	Adele Dienno		Maura Finn		Faye Conte	Faye Conte		Faye Conte							
	Nathan Caswell		Patrick Brown		Charles Baldrige	Charles Baldrige		Charles Baldrige							
	Donna Bister		vacant	Molly O'Brien		Molly O'Brien*		vacant	Ali Kenney						
Matt Dragon		Kiernan Flynn	Molly O'Brien	Nathan Caswell	Julia Curry		Julia Curry		Julia Curry						
	vacant	vacant	Alan Matson		Kevin Duniho		Joanna Grossman		Sarah Alexander						
	vacant	Rachel Jolly		Rachel Jolly		Rachel Jolly		Eric Boehm							
Garry Schaedel		Nancy Nesbitt		Nancy Nesbitt		Allison Searson		Allison Searson							
David Booth		Wayne Warnken		Wayne Warnken		Wayne Warnken		Jim Rudolph							
	vacant	vacant	vacant	Susan Munkres		Susan Munkres	Brian Guy	Brian Guy	Liz Gleason	Jennifer Kennelly	Joanna Grossman				
		Kiernan appointed 12/17/07		Nathan appointed 1/25/10		Faye appointed 11/26/12		Molly resigned 7/27/15. Board left the seat vacant.							
		Alan appointed 7/28/08		Charles appointed 6/25/12		Nancy appointed to fill a 3-year term. The person who was elected to fill that term decided not to (or couldn't).									
				<b>ELECTED:</b>		<b>APPOINTED:</b>		<b>BOARD PRESIDENT</b>		<b>VACANT SEAT</b>					
				Past		Past		ITALICS		vacant					
				Current		Current									

